

North Dakota
Information Technology
Functional Consolidation
Project

Post Project Review Report

September 15, 2004

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Purpose of this Document

The Post Project Review Report will be the last formal document issued for the IT Functional Consolidation Project. It provides a summary of the project and captures actual expenditures and projected savings. Any future modifications will be documented in the appendices.

Project Overview

The IT Functional Consolidation Project was created to meet the legislative intent of Sections 10, 11, and 16 of North Dakota House Bill 1505, of the 58th Legislative Assembly.

Section 10 required 24 full-time equivalent positions relating to information technology (IT) services, including electronic mail, file and print server administration, database administration, storage, application server and hosting services, be reduced and transferred from 15 various agencies to the Information Technology Department (ITD), unless exempt by the Chief Information Office, Curtis Wolfe and the Project Executive Committee. Each affected agency is required to purchase these services from ITD.

Section 11 requires the Office of Management and Budget (OMB) to achieve efficiencies during the 2003-05 biennium, relating to the required consolidation of IT functions. OMB and ITD are to achieve accumulated net savings totaling \$1,400,000, and may exercise full discretion in achieving efficiencies and cost-savings expected from the proposed consolidation.

Section 16 required each state agency and institution, excluding the legislative and judicial branches, institutions under the control of the state board of higher education, the Public Employees Retirement System (PERS), the Retirement and Investment Office (RIO), the Attorney General's Office, and any entity exempt by OMB and ITD, to obtain electronic mail, file and print server administration, database administration, storage, application server, and hosting services through a delivery system established by ITD and OMB.

In order to meet the requirements of this legislation, several project teams were assembled as outlined in Appendix III to develop a project plan, analyze the technical, financial, and human resource aspects, and develop recommendations for implementing functional consolidation.

Development of Initial Recommendations

A report was created with the initial recommendations of the Executive Committee.

The recommendations were established from data gathering meetings with affected agencies. On July 18, 2003, a draft version of the report was sent to the 15 agencies listed in Section 10. During the week of July 21-25, 2003, those agencies had an opportunity to ask questions and provide additional information after viewing the preliminary document. The final report, Version 1.0, was issued on August 11, 2003 after approval from the Governor.

A similar process was followed for the remaining agencies impacted by Section 16. That report was issued on August 21, 2003, and the agencies had an opportunity to ask questions and comment from August 21 to August 28, 2003.

Impacted Agencies

The following agencies were impacted by Section 16, but are also specified in Section 10 to transfer FTEs:

- | | |
|-------------------------------------|---|
| 1. Office of Management and Budget | 9. Housing Finance Agency |
| 2. Tax Department | 10. Workforce Safety and Insurance |
| 3. Department of Public Instruction | 11. Highway Patrol |
| 4. State Department of Health | 12. Dept. of Corrections and Rehabilitation |
| 5. Department of Human Services | 13. Game and Fish Department |
| 6. Job Service North Dakota | 14. State Water Commission |
| 7. Industrial Commission | 15. Department of Transportation |
| 8. Bank of North Dakota | |

The remaining agencies impacted include:

- | | |
|--|--|
| 1. Adjutant General | 16. Office of Administrative Hearings |
| 2. Aeronautics Commission | 17. Protection & Advocacy Project |
| 3. Children's Service Coordinating Committee | 18. Public Service Commission |
| 4. Council on the Arts | 19. School for the Blind |
| 5. Department of Agriculture | 20. School for the Deaf |
| 6. Department of Commerce | 21. Secretary of State's Office |
| 7. Dept. of Financial Institutions | 22. Securities Commissioner's Office |
| 8. Dept. of Parks & Recreation | 23. State Auditor's Office |
| 9. Dept. of Veterans Affairs | 24. State Board for Vocational Education |
| 10. Emergency Management | 25. State Fair |
| 11. Governor's Office | 26. State Historical Society |
| 12. Indian Affairs Commission | 27. State Land Department |
| 13. Insurance Commissioner's Office | 28. State Library |
| 14. Labor Commissioner's Office | 29. State Seed Department |
| 15. ND Mill and Elevator Association | 30. State Treasurer's Office |
| | 31. Veterans Home |

Executive Summary

Legislative Requirements

Objective - Section 10: FTE Reductions

Section 10 of HB1505 required 24 full-time equivalent (FTE) positions relating to information technology services be reduced and transferred from 15 agencies to ITD, unless exempt by the Chief Information Officer, Curtis Wolfe and the Project Executive Committee.

Recommendation:

The Executive Committee recommended that eight and one half FTEs (seven full time positions and half of three additional positions) be transferred to ITD on November 1.

In analyzing the FTE transfer, our project team requested information on positions from the agencies and benchmarked that against META Group research, indicating that an average of 15 to 18 servers is typically supported by one administrator. A total percentage of FTEs relating to consolidated services was calculated for the agency and the result was rounded to the nearest half FTE to determine the number to be transferred.

Result:

Of the eight and one half FTEs transferred to ITD, six positions were filled and two were eliminated. The following table lists agencies that transferred FTEs.

| Agency | FTEs Transferred | Agency | FTEs Transferred |
|--------|------------------|--------|------------------|
| DPI | 0.5 | WSI | 1.0 |
| Health | 0.5 | DOT | 1.5 |
| DHS | 4.0 | JSND | 1.0 |

Objective – Section 11: Cost Savings

Section 11 of HB1505 requires OMB to achieve efficiencies during the 2003-05 biennium, relating to the consolidation of IT functions. OMB and ITD are to achieve accumulated net savings totaling \$1,400,000, but may exercise full discretion incorporating necessary modifications. Savings accumulated as a result of those efficiencies will transfer to the general fund by June 30, 2005.

Recommendation:

Achieving cost savings of \$1,400,000 by FTE reductions would have required 14 positions with average salaries of \$50,000 per year to be eliminated beginning July 1, 2003. As noted above, the Executive Committee did not recommend FTE reductions of this magnitude. However, the reduction in hardware and software costs due to the consolidation of servers is substantial. Because of the diversity of agency infrastructure, there were costs associated with transitioning to a standard environment. Over the long term, the Executive Committee expects that additional savings from efficiencies will be realized.

Result:

OMB and ITD developed cost-effective rates for the consolidated services based on the increased volume. The rates are included as Appendix I.

One hundred and two servers were eliminated; reducing ongoing costs associated with hardware replacement and software upgrades. Projected savings for the 2003-05 biennium total \$438,775, and ongoing savings for the 2005-07 biennium is estimated at \$961,146.

Objective – Section 16: Consolidated Services

HB1505, Section 16 required each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the state board of higher education, the Public Employees Retirement System (PERS), the Retirement and Investment Office (RIO), the Attorney General's Office, and any entity exempt by OMB and ITD, to obtain the recommended services through a delivery system established by ITD and OMB.

Recommendation:

For the 15 agencies specified in Section 10 of HB1505, the Executive Committee recommended either partial or total exemptions for the Bank of North Dakota, Housing Finance Agency, and the State Water Commission because of unique circumstances in those agencies. Twenty-one servers remain in those agencies. These exemptions will be reviewed on a biennial basis.

For the remaining 31 agencies where FTEs were not considered, the Executive Committee recommended exempting the State Fair and State Mill and Elevator. The technical and financial project leads also recommended the School for the Blind, School for the Deaf, the Seed Department, and Adjutant General be excluded from consolidation. For further explanation of these exemptions, see the Exemptions section in Appendix IV.

Result:

Among the remaining agencies, 21 servers were eliminated. Assuming the agency staff time dedicated to maintaining these servers could be eliminated, approximately 1.6 FTEs or \$80,000 per year could be reallocated to other functions on a statewide basis.

The following table lists the number of agencies consolidated for each service as a result of HB1505. Several agencies were utilizing ITD services prior to this project.

| Service | # of Agencies Fully Consolidated | # of Agencies Partially Consolidated |
|----------------------|---|---|
| Electronic Mail | 5 | 0 |
| File and Print | 25 | 0 |
| Database | 5 | 1 |
| Storage | 3 | 0 |
| Application Server | 10 | 3 |
| Web Hosting Services | 11 | 0 |

Agency Consolidation Decision Matrix

Two tables comprise this section. Table 1 summarizes the services consolidated and the FTEs that were transferred. Table 2 summarizes the services consolidated for the remaining agencies impacted by Section 16 of HB1505.

Table 1: 15 Agencies of Section 10

| Agency | Email | F&P | DBA | App Serv | Storage | Web Hosting | FTE Leg. Target | FTE currently used | FTE Transferred | # of agency servers current | # of agency servers migrated to ITD | # of servers remaining in agency | 03-05 current budget | 03-05 transfer amount | 03-05 projected cost | 03-05 projected savings (cost) | 05-07+ Projected Agency Cost Ongoing | 05-07 Projected Savings |
|--------------|-------|-----|-----|----------|---------|-------------|-----------------|--------------------|-----------------|-----------------------------|-------------------------------------|----------------------------------|----------------------|-----------------------|----------------------|--------------------------------|--------------------------------------|-------------------------|
| 110 OMB | P | P | P | C* | N | P | 1 | 0.00 | | 5 | 2 | 3 | \$6,240 | \$2,600 | \$4,820 | (\$2,220) | \$11,568 | (\$5,328) |
| 127 TAX | P | C | N | C | N | P | 1 | 0.10 | | 2 | 2 | 0 | \$17,396 | \$15,148 | 17,913.00 | (\$2,765) | \$21,700 | (\$4,304) |
| 201 DPI | C | C | C | C* | N | C | 1 | 0.60 | 0.50 | 10 | 9 | 1 | \$75,114 | \$62,965 | 18,813.00 | \$44,152 | \$24,720 | \$50,394 |
| 301 Health | P | C | N | C* | N | C | 1 | 0.50 | 0.50 | 13 | 7 | 6 | \$80,914 | \$33,714 | \$33,190 | \$524 | \$79,656 | \$1,258 |
| 325 DHS | P | C | C | C | C | C | 5 | 3.85 | 4.00 | 56 | 56 | 0 | \$1,065,825 | \$788,416 | \$788,241 | \$175 | \$705,160 | \$360,665 |
| 380 JSND | P | C | C* | C* | C | C | 3 | 0.85 | 1.00 | 14 | 13 | 1 | \$366,258 | \$303,994 | \$212,351 | \$91,643 | \$211,896 | \$154,362 |
| 405 Ind Comm | C | C | C | C | N | C | 1 | 0.15 | | 6 | 3 | 3 | \$13,048 | \$7,068 | \$2,719 | \$4,349 | \$12,624 | \$424 |
| 471 BND | P | X | X | X | N | X | 1 | 0.85 | | 13 | 0 | 13 | \$357,116 | \$0 | \$0 | \$0 | \$357,116 | \$0 |
| 473 HFA | X | X | X | X | N | X | 1 | 0.25 | | 3 | 0 | 3 | \$32,664 | \$0 | \$0 | \$0 | \$32,664 | \$0 |
| 485 WSI | C | C | C | C | C | C | 2 | 0.50 | 1.00 | 19 | 2 | 17 | \$95,577 | \$39,824 | \$16,940 | \$22,884 | \$40,656 | \$54,921 |
| 504 HP | P | C | P | C* | N | C | 1 | 0.20 | | 3 | 2 | 1 | \$22,795 | \$19,356 | \$3,926 | \$15,430 | \$6,960 | \$15,835 |
| 530 DOCR | P | C | C | C | N | C | 2 | 0.50 | | 13 | 13 | 0 | \$46,821 | \$19,509 | \$19,509 | \$0 | \$83,952 | (\$37,131) |
| 720 G&F | P | C | P | P | N | C | 1 | 0.23 | | 7 | 7 | 0 | \$62,176 | \$33,679 | \$4,198 | \$29,481 | \$9,168 | \$53,008 |
| 770 SWC | C | X | X | X | X | X | 1 | 0.50 | | 5 | 0 | 5 | \$55,045 | \$0 | \$0 | \$0 | \$55,045 | \$0 |
| 801 DOT | P | C | C | C | N | C | 2 | 1.65 | 1.50 | 33 | 33 | 0 | \$388,956 | \$210,685 | \$83,908 | \$126,777 | \$217,404 | \$171,552 |
| Total | | | | | | | 24 | 10.73 | 8.50 | 202 | 149 | 53 | \$2,685,945 | \$1,536,957 | \$1,206,527 | \$330,429 | \$1,870,289 | \$815,656 |

C=Consolidate

C*=Partially Consolidate

P=Previously Consolidated

N=Not Applicable

X=Not Consolidated

Notes applicable to Table 1 and 2:

- **03-05 current budget** is an *estimate* of agency planned spending. Agency budgets are not typically tracked at this level of detail. Because some agencies budgeted for server replacements in 03-05 and others did not, the number does not necessarily reflect average expenditures over time.
- **03-05 transfer amount** is a pro-rated amount of the agency budget based on when each agency was consolidated. It is used in conjunction with 03-05 projected costs to calculate 03-05 projected savings.
- **03-05 projected costs** do not reflect 24 months but are based on the date each agency was consolidated. **05-07 projected agency costs** are based on a full biennium and are used in conjunction with the 03-05 current budget to calculate 05-07 projected savings. These projections are for purposes of the analysis only. Individual agency costs will vary.
- **Projected savings** include general, federal and special funds.

Table 2: Remaining Agencies Impacted

| Agency | Email | F&P | DBA | App Serv | Storage | Web Hosting | # of agency servers current | # of agency servers migrated to ITD | # of servers remaining in agency | 03-05 current budget | 03-05 transfer amount | 03-05 projected cost | 03-05 projected savings (cost) | 05-07+ Projected Agency Cost Ongoing | 05-07 Projected Savings |
|--------------------|-------|-----|-----|----------|---------|-------------|-----------------------------|-------------------------------------|----------------------------------|----------------------|-----------------------|----------------------|--------------------------------|--------------------------------------|-------------------------|
| 101 Gov | P | P | N | N | N | P | 0 | 0 | 0 | \$2,040 | \$850 | \$550 | \$300 | \$2,040 | \$0 |
| 108 Sec State | P | P | N | N | N | P | 0 | 0 | 0 | \$6,240 | \$4,940 | \$2,242 | \$2,698 | \$2,664 | \$3,576 |
| 117 Auditors | P | C | N | N | N | P | 2 | 2 | 0 | \$8,644 | \$6,123 | \$3,157 | \$2,966 | \$4,656 | \$3,988 |
| 120 Treas | P | N | N | N | N | P | 0 | 0 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 140 OAH | P | C | N | C | N | P | 1 | 1 | 0 | \$3,052 | \$1,908 | \$1,272 | \$636 | \$2,088 | \$964 |
| 226 Land | P | C | N | C | N | C | 2 | 2 | 0 | \$45,839 | \$28,649 | \$7,767 | \$20,882 | \$13,152 | \$32,687 |
| 250 Library | P | C | N | C | N | C | 2 | 2 | 0 | \$13,312 | \$8,875 | \$3,066 | \$5,809 | \$4,680 | \$8,632 |
| 252 Deaf | X | X | N | N | N | X | 1 | 0 | 1 | \$23,875 | \$0 | \$0 | \$0 | \$23,875 | \$0 |
| 253 Vision | P | X | N | N | N | X | 2 | 0 | 2 | \$11,088 | \$0 | \$0 | \$0 | \$11,088 | \$0 |
| 270 Voc Ed | P | P | N | N | N | P | 0 | 0 | 0 | \$6,240 | \$4,940 | \$2,549 | \$2,391 | \$3,120 | \$3,120 |
| 313 Vets Home | C | C | N | C | N | C | 1 | 1 | 0 | \$16,350 | \$16,350 | \$16,350 | \$0 | \$16,296 | \$54 |
| 316 Indian Affairs | P | N | N | N | N | P | 0 | 0 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 321 Vets Affairs | P | N | N | N | N | P | 0 | 0 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 324 CSCC | P | N | N | N | N | N | 0 | 0 | 0 | \$24 | \$0 | \$0 | \$0 | \$24 | \$0 |
| 360 P&A | P | C | N | N | N | C | 1 | 1 | 0 | \$8,211 | \$5,816 | \$1,385 | \$4,431 | \$2,664 | \$5,547 |
| 401 Insurance | P | C | N | N | N | P | 2 | 2 | 0 | \$15,505 | \$9,045 | \$2,550 | \$6,495 | \$4,320 | \$11,185 |
| 406 Labor | P | C | N | X | N | P | 2 | 1 | 1 | \$1,680 | \$1,190 | \$981 | \$209 | \$1,296 | \$384 |
| 408 PSC | C | C | N | C | C | C | 5 | 2 | 3 | \$57,357 | \$30,167 | \$9,063 | \$21,105 | \$20,000 | \$5,084 |
| 412 Aeronautics | P | C | N | N | N | P | 1 | 1 | 0 | \$950 | \$594 | \$516 | \$78 | \$984 | (\$34) |
| 413 DFI | P | P | N | N | N | P | 0 | 0 | 0 | \$6,240 | \$4,940 | \$1,966 | \$2,974 | \$2,520 | \$3,720 |
| 414 Securities | P | P | N | N | N | P | 0 | 0 | 0 | \$6,240 | \$4,940 | \$667 | \$4,273 | \$816 | \$5,424 |
| 512 DEM | P | C | N | C | N | P | 1 | 1 | 0 | \$2,600 | \$1,083 | \$1,900 | (\$817) | \$4,560 | (\$1,960) |
| 540 Adj Gen | X | X | N | X | N | X | | | | \$16,100 | \$0 | \$0 | \$0 | \$16,100 | \$0 |
| 601 Commerce | P | C | N | C* | N | C | 3 | 2 | 1 | \$12,709 | \$9,002 | \$7,303 | \$1,699 | \$10,920 | \$1,789 |
| 602 Ag Dept | P | C | N | C | N | C | 1 | 1 | 0 | \$25,745 | \$25,745 | \$0 | \$25,745 | \$5,544 | \$20,201 |
| 616 Seed | X | X | N | X | N | P | 3 | 0 | 3 | \$9,250 | \$0 | \$0 | \$0 | \$9,250 | \$0 |
| 701 Historical | P | C | N | N | N | P | 1 | 1 | 0 | \$10,990 | \$6,411 | \$3,199 | \$3,212 | \$5,376 | \$5,614 |
| 709 Arts | P | N | N | N | N | P | 0 | 0 | 0 | \$1,000 | \$0 | \$0 | \$0 | \$1,000 | \$0 |
| 750 Parks | P | C | N | N | N | P | 1 | 1 | 0 | \$9,242 | \$6,161 | \$2,900 | \$3,261 | \$6,000 | \$3,242 |
| Total | | | | | | | 32 | 21 | 11 | \$320,523 | \$177,729 | \$69,383 | \$108,346 | \$175,033 | \$145,490 |

C=Consolidate
C*=Partially Consolidate
P=Previously Consolidated
N=Not Applicable
X=Not Consolidated

Overall Cost – Benefit Analysis

Benefits of Consolidation

Two separate and independent components were involved in the consolidation process: 1) placing the management of the specified IT services under a single organizational entity (ITD) and 2) leveraging this centralized management to create a common shared infrastructure wherever possible.

In the original analysis, it was determined that state government could potentially eliminate 100 or more application, database or file and print servers. In actuality, 102 were eliminated, with the potential of further reduction.

The path toward cost reduction requires the creation of a common shared infrastructure to deliver services. For example, State government had over 100 servers providing file and print services, typically one or more per agency. Utilizing the state network and consolidating onto a single, clustered, environment for state government eliminated several application, database or file and print servers. This reduction in server count will decrease the state's cost in hardware, software and technical support. Every effort was made to reuse equipment and software licenses where possible while at the same time reducing the ongoing costs through consolidation.

While the creation of a shared infrastructure can decrease cost, there are services that simply do not fit within a shared infrastructure model at this time. Some services require a complex environment consisting of multiple servers, while others require truly unique technology to satisfy a single agency's business needs. For services such as these, lowering the server count is not possible and a different approach must be found to create efficiencies.

Due to consolidation we can more efficiently manage a large number of servers. We now have a smaller team of experts dedicated to administering this infrastructure.

Additional Considerations

During the analysis phase, a number of issues surfaced relating to the consolidation either directly or indirectly. The project team, along with ITD management and enterprise architecture teams reviewed the following considerations to clarify and address any outstanding issues.

1. Service Definition Clarification

The consolidated services were not defined in statute and while a general understanding of the services is understood, there is still confusion about how far the services go when interfacing with customers and end-users. Brief descriptions of the consolidated services have been developed and are provided in Appendix II. The agency personnel in positions being considered for FTE transfers typically have responsibilities that go beyond the narrow definitions of the consolidated services. They have direct contact with users in the agencies and work with them to develop technical solutions or provide end-to-end support. If the position is eliminated, ITD or someone else must provide these services. Services in question include the project management and consulting associated with selecting technologies and deploying new applications, user administration, and desktop support. Managing customer expectations will be important to the success of the project.

2. Network Operating System Standard

In order for file and print consolidation to provide cost savings, a standard environment must be supported. ITD supports Microsoft Windows as the local area network server environment of choice. The use of Active Directory as a standard was also developed through the enterprise architecture process.

3. Further Consolidation of E-mail

ITD has consolidated the majority of agencies onto two e-mail systems – Exchange and Lotus Notes. While two systems are considerably more efficient than the previous variety of products, further savings may be realized by moving to a single e-mail system. A recommendation for a single e-mail solution was developed through the enterprise architecture process. A migration plan, implementation budget and proposed benefits have been developed. Agencies should consider this in the 2005-07 budget.

4. Further Database Consolidation

For true consolidation of the database environment, a standard and approved database list was defined through the enterprise architecture process. Further migration plans must be developed to move off legacy or non-mainstream databases. Agencies should consider this in the 2005-07 budget.

5. High Speed Network Requirements and Remote Support

To deliver file and print services and high bandwidth applications from a centralized environment, high-speed connections to the state network are essential.

For agencies outside of the Bismarck area, ITD will continue to explore options in an attempt to remove those outlying servers.

In some cases, servers in locations outside of Bismarck remained in place. Some efficiency will be gained by coordinating support services for multiple agencies outside the Bismarck area. For agencies who are not located in the capitol building, access to support staff and access to network connectivity are important issues that must be addressed in the support plan.

6. Security and Confidentiality Concerns

A number of agencies have expressed concern that moving a server physically out of their agency will compromise the security and confidentiality of their electronic information. ITD is confident that they have met or exceeded the security and confidentiality requirements that agencies have.

7. Transition Planning

There were a number of issues related to a change of this magnitude. One of the biggest concerns was that service levels would drop as key personnel within the agencies transitioned to new positions. Agencies worried that skilled staff would leave state government employment because of the uncertainty surrounding their positions.

ITD and technical staff in the agencies worked together to ensure a successful transition to the consolidated environment. Staff worked tirelessly to complete the tasks associated with the migration in addition to their normal duties. Agency desktop support staff had to reconfigure end-user computers to point to the new servers. A great deal of coordination and cooperation was needed for the migration to be successful.

8. Impact on Desktop Support Services

Consolidation recognized the impact on desktop support. This concern is currently being addressed by the enterprise architecture process. Personnel in the agencies who supported the server infrastructure typically provide desktop support as well. Several agencies have internal help desks. While consolidation of these services was not mandated, these services have been impacted by the consolidation and questions remain about the future direction of these services.

Overview of Project Goals

The Implementation Project Plan defined the project scope and how the project goals would be met. A summary of the project goals in that plan is listed below.

Project Goals

1. By July 18, 2003, deliver a preliminary recommendations report and implementation project plan to the 15 agencies listed in Section 10, based on findings from an impact assessment.

STATUS - this goal was met

2. By August 1, 2003, deliver a final recommendations report for the 15 agencies to the Project Executive Committee and the Governor.

STATUS – the final report was approved on August 7, 2003

3. By August 15, assess the impact of consolidating services on all remaining agencies (except those specifically exempt), and deliver to them the updated recommendations report.

STATUS – the updated report was delivered on August 21, 2003

4. By September 2, 2003, deliver the updated recommendations report and implementation project plan for the remaining agencies to the Project Executive Committee for approval.

STATUS – the report was delivered on September 12, 2003

5. In September 2003, complete a thorough cost/benefit analysis, which is included in the updated recommendations report and implementation project plan.

STATUS – this goal was met

6. In September 2003, develop a detailed Systems and Services Migration Plan for the consolidation, which will be integrated into the implementation project plan.

STATUS – this goal was met

7. Identify and transfer necessary FTEs no later than Nov. 1, 2003. This is subject to individual agency review and assessment.

STATUS – 6 FTEs were transferred to ITD on November 1, 2003

8. By June 30, 2004, migrate all required agencies (according to the Systems and Services Migration Plan) to obtain consolidated services from ITD.

STATUS – due to unique circumstances, four agencies are currently working to complete the migration process of some services

9. Deliver cost savings no later than June 30, 2005.

Appendix I – Rates for Consolidated Services

Note – The following rates were established by ITD in conjunction with OMB and may be modified in the future. All charges are monthly unless otherwise indicated.

| Service | Rate |
|--|--|
| File and Print - Shared | <ul style="list-style-type: none"> • \$3.00 / user • \$1.00 / GB (Tier 2) |
| File and Print - Dedicated Remote Basic | <ul style="list-style-type: none"> • \$350.00 / server • \$2.00 / user • A separate fee for disk may apply when large amounts of remote disk storage are required (Tier 1) |
| File and Print – Dedicated Remote High Capacity | <ul style="list-style-type: none"> • \$600.00 / server • \$2.00 / user • A separate fee for disk may apply when large amounts of remote disk storage are required (Tier 1) |
| Web Hosting – Basic Web Sites (does not include e-government applications) | <ul style="list-style-type: none"> • \$20.00 / base web site • \$1.00 / GB (Tier 2) |
| Application Hosting – Server Component | <ul style="list-style-type: none"> • \$150.00 / application – for applications on shared server • \$300.00 / application – for applications requiring a dedicated server • \$1.00 / GB (Tier 2) |
| Application Hosting – Database Component (includes normal DBA maintenance) | <ul style="list-style-type: none"> • Tiered pricing based on complexity of the application Most applications will fall between \$50.00 to \$1,000.00 per month • \$10.00 / GB (Tier 3) |
| Database Administration / Application Support | <ul style="list-style-type: none"> • \$56.25 / hour |
| Email | <ul style="list-style-type: none"> • Included in ITD's current device rate |

Appendix II – Definitions of Consolidated Services

Application hosting – The purchase, maintenance and technical support of servers and software necessary to run agency specific applications. This does not include the direct support of the application itself, which is a separate service.

Database administration – The design and performance tuning of shared databases such as Oracle or SQL Server. This does not include the direct support of an application that may utilize the database.

Database server administration – The purchase, maintenance and technical support of servers and software necessary to run a shared database such as Oracle or SQL Server.

Directory Services – The purchase, maintenance and technical support of servers and software for providing directory services, including the management of user accounts.

E-mail server administration – The purchase, maintenance and technical support of servers and software for providing groupware services such as e-mail, calendaring, and messaging.

File and print server administration - The purchase, maintenance and technical support of servers and software for providing local area networks and related file and printer sharing services.

File and print services include the ability to launch an application whose disk image is resident on the server, but whose code executes on the workstation. Typical examples of these would be Access or FoxPro applications.

Storage – The management of shared storage and related data backup and recovery processes.

Web site hosting – The purchase, maintenance and technical support of servers and software necessary to host a web site.

Related services that may be impacted:

While the environments described above are required for the delivery of IT services they are not a complete description of all the elements that are required.

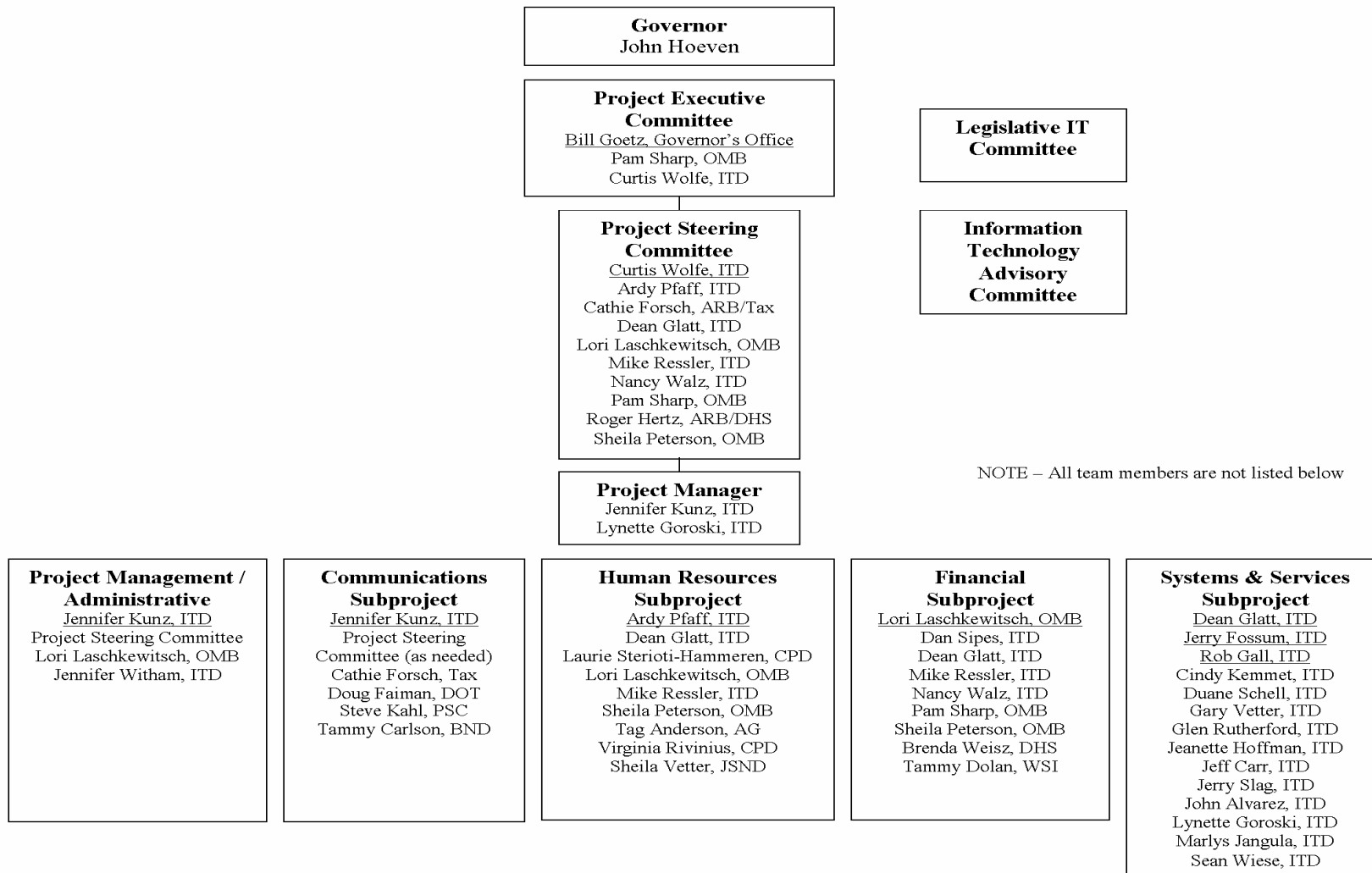
Users will require a desktop environment to access these IT services as well as application support to assist them in using the services. These service components are excluded in the definitions above because they are not part of consolidation mandated by HB1505. The provision of desktop services will remain the province of the agencies, as will functions such as ad hoc reporting.

Desktop Infrastructure Support – The purchase, installation and support of end-user workstation hardware, operating systems and installation of standard software.

End User Support – The training and support related to the use of end-user applications, either groupware or agency specific.

User administration – Establishing and maintaining user IDs, permissions and file system security.

Appendix III – Project Organization Chart



Appendix IV - Exemptions

The following information further explains the exemptions recommended by the Executive Committee for the 15 agencies of Section 10, and the remaining 31 agencies impacted. Agencies that are not closely connected with government services, do not share other services, do not receive general funds, or are not located in Bismarck were considered for exemption from the initial consolidation effort. *Although exempt now, OMB and ITD will evaluate those agencies on a biennial basis, and migrate to the shared environment where appropriate. Agencies will be notified 2-3 months prior to the budget due date as to whether exemptions will extend into the following biennium.*

Exemptions for the 15 Agencies of Section 10

For 12 of the 15 agencies specified in Section 10 of HB1505, the Executive Committee recommended that all services (approximately 170 servers) be consolidated with the exception of 12 servers in four agencies. The servers not consolidated include the legacy mainframe environment at Job Service, the servers supporting the desktop environment at DPI, and specialized servers at Highway Patrol, the State Radio Division of OMB and the Health Department lab.

State Water Commission

The State Water Commission has evolved into an environment that is unique to state government. Because conversion costs would be significant, the Executive Committee recommended exempting the 4D and Apple environment from consolidation and the associated 0.5 FTE transfer until a migration plan can be developed. The Water Commission has current projects involving the use of shared email and GIS services that will continue.

Department of Corrections and Rehabilitation

The Department of Corrections and Rehabilitation (DOCR) will not be exempt from consolidation. However, the Executive Committee determined that the transfer of 0.5 of an FTE related to consolidated services would present an undue hardship for the agency and should be exempt. End-user support services provided by the FTE are currently understaffed and additional restrictions on the FTE count would be detrimental. The Executive Committee felt that the consolidated services could provide benefit and potentially increase service levels for DOCR.

Bank of North Dakota

The Bank of North Dakota currently receives many services from ITD. Because the servers remaining at the Bank are integral to the banking business, the Executive Committee recommended exempting those servers and the associated 1.0 FTE from consolidation at this time. The Committee also suggested the Bank begin migrating to local area networking standards and directory standards being adopted by ITD.

Housing Finance Agency

The Housing Finance Agency has a small IT environment, and based on analysis, should be exempt from the FTE transfer. The Executive Committee recommended an exemption from mandated consolidation of servers due to unique business requirements not closely connected to state government.

Workforce Safety and Insurance

Workforce Safety and Insurance has an environment unique to their agency built around the IBM RS6000 platform. Because conversion costs would be significant and migration would be impractical at this time, the Executive Committee recommended that current specialized servers and an associated 0.5 FTE be exempt. File and print, email and web servers were migrated and 1 FTE transferred as part of the consolidation.

Other Agencies

A number of agencies, particularly the large agencies like DOT, DHS and JSND, have applications that are closely linked to business requirements. Those agencies typically provided end-to-end support for the application. The service model has changed with consolidation, with ITD providing the technical support while agencies continue to provide the application support. Therefore, it was important to plan the migration carefully so ITD could build the knowledge and processes required to provide adequate support and minimize the risk of disruption.

Exemptions for the Remaining 31 Agencies Impacted

Of the 31 remaining agencies impacted, six were initially exempt. For the other agencies affected, migration planning began in January 2004.

Adjutant General

The financial and technical project leads recommended that the Office of the Adjutant General not be consolidated based on its integration with the US Military Services infrastructure.

School for the Deaf

The financial and technical project leads recommended that the School for the Deaf be excluded based on its remote location and their dependency on the K-12 education network.

Vision Services / School for the Blind

The financial and technical project leads recommended that Vision Services / School for the Blind be excluded based on its remote location and their dependency on the K-12 education network.

State Fair

The Executive Committee recommended that the State Fair be exempt based on defined criteria for agencies that are not closely connected with government services, do not share other services, or do not receive general funds.

State Mill and Elevator

The Project Executive Committee recommended an exemption for the State Mill and Elevator based on defined criteria for agencies that are not closely connected with government services, do not share other services, or do not receive general funds.

State Seed Department

The financial and technical project leads recommended an exemption for the State Seed Department based on its remote location and their integration with the higher education network.

Acknowledgement

Many people took part in making this project a success. ITD and OMB would like to take the time to acknowledge and thank those involved in the IT Functional Consolidation Project. To the technical teams in ITD and the agencies who worked together for countless hours to accomplish the goals of this project, the project team members who helped build the foundation to move forward, and to the Project Executive and Steering Committees for their support and guidance throughout the process.